

Norman Schofield · Gonzalo Caballero · Daniel Kselman *Editors*

Advances in Political Economy

Institutions, Modelling and Empirical Analysis

This book presents latest research in the field of Political Economy, dealing with the integration of economics and politics and the way institutions affect social decisions. The focus is on innovative topics such as an institutional analysis based on case studies; the influence of activists on political decisions; new techniques for analyzing elections, involving game theory and empirical methods.

Schofield · Caballero
Kselman *Eds.*



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Further Reading on Political Economy

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Abstract In recent decades, the new institutionalism has strongly emerged in social sciences. Institutions have come back to the main research agenda in economics, politics and sociology. This paper presents and analyzes the program of Transaction Cost Politics within the map of the new institutionalism. Transaction Cost Politics constitutes an extension of the New Institutional Economics towards the analysis of politics, and it points out the relevance of institutions in political markets that are characterized by incomplete political rights, imperfect enforcement of agreements, bounded rationality, imperfect information, subjective mental models on the part of the individuals and high transaction costs. The paper reviews the main contributions of Transaction Cost Politics and we study the relationships of Transaction Cost Politics with

Rational-Choice Institutionalism, Constitutional Political Economy and the New Institutional Economics.

Chapter title **Political Transitions in Ancient Greece and Medieval Italy: An Analytic Narrative**

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Abstract Models of political transitions have mostly focused on the 19th and 20th centuries. Their setup tends to be specific to the contemporary period. This chapter reviews the events that led to democracy in ancient Athens and to rule by council in medieval Venice. We confront the available models of political transition with these events. We find evidence that war and economic conditions played a key role. The political economy models that incorporate these features do well in explaining the transitions in both ancient Athens and medieval Venice.

Keywords Political transitions – Wars – Ancient Greece – Athens – Venice – Genoa – Democracy – Republic

Chapter title **A Collective-Action Theory of Fiscal-Military State Building**

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Abstract Prior to the emergence of the fiscal-military state, many monarchs depended on economic and local elites for the collection of tax revenue and defense. Why did these powerful elites allow the ruler to increase fiscal centralization and build-up militarily? Building on historical accounts of colonial Mexico and 17th century England, this chapter develops a game-theoretic analysis that explains why increases in fiscal centralization are more likely when the probability of a threat of internal unrest or